



# SANITATION AS A BUSINESS: UNCLOGGING THE BLOCKAGES

18-20 February 2014, Kampala Serena Hotel, Uganda



BILL & MELINDA  
GATES foundation

Johnson & Johnson



sustainable  
sanitation  
alliance

WSUP  
ENTERPRISES

## CONTENTS

ACKNOWLEDGEMENTS .....	2
EXECUTIVE SUMMARY .....	3
SUMMARY OF DAY ONE: Understanding the Blockages .....	6
SUMMARY OF DAY TWO: Loosening the Blockages.....	16
<i>Summary of the work of the thematic groups.....</i>	17
<i>Sharing innovation.....</i>	26
SUMMARY OF DAY THREE: Unclogging the Blockages.....	27
WAYS FORWARD: Unclogging Action Plans .....	28
ANNEX 1: AGREEMENT FRAMEWORK.....	37

## ACKNOWLEDGEMENTS

Particular thanks to The Honorable Ministers, Dr. Ruhakana Ruganda, Minister of Health and Honorable Betty Bigombe, State Minister for Water Resources for their opening and closing remarks.

**For their opening remarks, thanks to:** Water Supply & Sanitation Collaborative Council ([WSSCC](#)) and Global Sanitation Fund ([GSF](#)), Clara Rudholm, [Water for People](#), Cate Nimanya; IRC International Water and Sanitation Centre ([IRCWASH](#)), Jane Nabunnya; [PSI](#), Katharine McHugh; [WSUP Enterprises](#), Andy Narracott; Assistant Commissioner Environmental Health Division, [Ministry of Health](#), Juliana Kyomuhangi.

**For their presentations thanks to:** Clara Rudholm (WSSCC and GSF); Yi Wei ([iDE](#)); Michael Momanyi and Sam Mutono ([WSP](#)); Mike Mkoza ([Plan International](#)); William Lin ([Johnson & Johnson](#)); Jesse Shapiro ([USAID](#)); Fredrick Tumusiime ([GIZ](#)); Andy Narracott (WSUP Enterprises); Satya Choubey (PSI); Winnie Odhiambo ([Acumen](#)); Luis Jalakasi ([TEECs](#)); George William Bakka ([Angels Initiatives](#)); William Mugerwa (The Business Tutor); Elizabeth Ware ([Water.org](#)); Francis Warui, ([AKVO](#)); Claire Achola ([AMREF](#)); Najib Bateganya ([Kampala Capital City Authority](#)); Allan Chosani Ndhlovu (Government of Zambia); Eyura Martin (Environmental Health Inspector Soroti District Uganda); Dr. Emmanuel Kanjunjunju (City Assembly of Blantyre).

Thanks to rapporteurs and Wilfred Samya, the official photographer for the event.

## EXECUTIVE SUMMARY

The first Unclogging the Blockages conference took place in Kampala, Uganda from Feb 18-20 with the aim of putting on the table some of the major challenges facing the scale up of sustainable sanitation as well as in collaborating towards innovative solutions. The conference gathered a diverse array of over 150 individuals both from within and outside the sanitation sector, including those working on business approaches, finance, health, demand creation, and technology development. These people represented government, donors, NGOs and the private sector and came from 21 countries.

The organizers were honored that Honorable Dr. Ruhakana Ruganda, Minister of Health and Honorable Betty Bigombe, State Minister for Water Resources represented the Government of Uganda at the conference.

Our sense as organizers was that this initial gathering was purposeful and practical. The results of the conversations and group work yielded the following top level results:

- A recognition of the importance of sanitation as a business and market based approaches as key to address some of the main barriers for scaling sustainable sanitation solutions. While there is still a long way to go towards universal usage of these approaches, participants were able to get a much richer understanding of the principles and key tenets of how sanitation as a business programming works; many participants intended to go back to their respective environments and apply the lessons they had learned.
- A commitment to push for greater integration in sanitation programming between the housing, energy, business, health, and education sectors in order to allow for sustainable city and district – wide sanitation services. This will look different in rural and urban environments but it was clear that the sanitation sector must engage these other partners to reach scale. This effort will be driven by government who will create the enabling environment through an effective policy framework and investment in a way that supports and doesn't distort the market.
- An understanding that unlocking finance for businesses and households and embedding monitoring within all the work, in particular to see how sanitation businesses are evolving, is critical for the sanitation sector to move forward by leaps and bounds as opposed to incrementally. One interesting outcome of the group work was a suggestion to form a Global Sanitation Financing Alliance.
- An appreciation for the importance of on-the-ground, real time, market-focused technology development and R&D for supporting sanitation businesses to be successful in the realities of the market. This includes not only higher value and more affordable products and services for consumers, but also technologies for businesses to increase their limited margins. A variety of these technologies were on display at the meeting.

We would like to thank the main sponsors of Unclogging the Blockages, including the Bill & Melinda Gates Foundation, Johnson & Johnson, the Global Sanitation Fund and the Water Supply & Sanitation Collaborative Council. We plan to keep the conference website updated as we push for follow up from the meeting. Please keep checking back on <http://unclogit.blogspot.com/>.

Sincerely,

*Christophe Nothomb and Marielle Snell, IRC*  
*Katharine McHugh, PSI*  
*Andy Narracott, WSUP Enterprises*  
*John Sauer, Water For People*



## SETTING THE SCENE

Sanitation is a public, a provider and a private good; each of these actors has an interest in sanitation services. For household sanitation services to be effective, affordable and sustainable, links and partnerships are needed between the interests of households, communities, public sector agencies and private sector actors throughout the sanitation chain.

The overall objective of the workshop was to identify strategies that unlock the constraints to sanitation service delivery, through the lens of sanitation as a business. To achieve this objective, the workshop explored strategies and initiatives in each of the following themes:

- **Public sector** – *what can authorities and regulators do to enable sanitation as a service and as a business?*
- **Business models** – *what business models are working, where and why?*
- **Finance** – *what financing solutions and mechanisms are unclogging the blockages?*
- **Technology** – *what technical solutions are unclogging blockages? What have we learned about what works, what does not work and why?*
- **Demand creation and behavior change** – *what demand creations strategies and initiatives best link up with sanitation business supply chains?*
- **Monitoring** – *what are the best monitoring systems and indicators for sanitation as a business and a service*
- **Intersectoral links** – *how can we strengthen links with other sectors for better services and business development?*

This workshop was jointly organized by Water For People, IRC, PSI, Sustainable Sanitation Alliance, WSSCC, GSF, WSUP Enterprises, Ministry of Water and Environment, Ministry of Health, Bill & Melinda Gates Foundation and Johnson & Johnson. A total of 170 participants and facilitators participated in the event; representing 21 countries including Uganda, Rwanda, India, Cambodia, Guatemala, USA, Germany, Sweden, and others. This report provides a summary of the meeting, with key learnings and next steps indicated at the end.



## OPENING REMARKS

**Clara Rudholm,  
WSSCC and GSF**

*Let's keep it practical. Let's not get stuck in theory. Match demand and supply at scale. Scale is key to making a difference. Accept and respect variety.*



**Katharine  
McHugh, PSI**

*The success we have seen so far is due to affordable models and partnerships, with government, private sector, financiers ... More partnerships will come from this workshop to accelerate progress and service delivery.*



**Jane  
Nabunnya,  
IRC**

*We need to generate knowledge to influence policy... share knowledge, innovations tried out, experience in influencing the government.*



**Cate Nimanya,  
Water for People  
Uganda**

*The objective is to make the private sector the driver of improving access to sanitation for the under-served populations and by helping create efficient and inclusive sanitation markets.*



**Andy Naracott,  
WSUP**

*We're pulling in the skills of accountants, design thinkers, supply chain professionals, entrepreneurs and logisticians. We're sourcing new forms of finance to scale operations of selected businesses. In short, we're embracing markets for better services.*



## SUMMARY OF DAY ONE: Understanding the Blockages

**Aim:** To learn what various actors are doing in “Sanitation as a Business” and gain a better understanding of their biggest challenges to date

The objective for Day 1 was to understand the specific problems faced within the sanitation sector. What are the participants and their respective organizations doing to increase sanitation services worldwide, and what are the key barriers they are facing to implement at scale? These are exciting times for sanitation in Uganda; on the whole there has been a steady decline in open defecation since 1990 and gains in access to improved sanitation in rural areas. The country has also demonstrated innovations in programming for some of the most vulnerable people, which have been piloted at scale. The hope is that this momentum will translate into improved coverage, and that the lessons learned can be applied elsewhere in the region and perhaps worldwide.



Honorable Dr. Ruhakana Rugunda

The workshop was opened by the Honorable Dr. Ruhakana Rugunda, Minister of Health, Uganda. In his opening remarks the Honorable Minister said:

*“The health sector has a strong role to play in improving sanitation in developing countries through policy development and the implementation of sanitation programs. We cannot however, walk alone, we need stakeholders like you to be part of the conversation ... one of the key challenges is improving the supply chain, developing businesses that target improving sanitation and hygiene facilities, moving households up the sanitation ladder. There are organizations here which have excelled in income generation and small business sectors and specifically in sanitation business development that we can partner with and learn from ... I hope by the end of the conference we can identify the barriers to scaling up success stories and interventions and come up with solutions and ways to collaborate to accelerate progress of sanitation services... Together we can ensure that all households, all schools and all health facilities have access to a sanitation service forever.”*

Juliana Kyomuhangi, Assistant Commissioner, Environmental Health Division, Ministry of Health, outlined some of the sector blockages in Uganda. The remaining challenges reported include reaching the poorest people with sanitation as well as the most difficult to reach people (such as those in informal settlements); urban areas without sewerage systems, poor enforcement of the bylaws, recurring WASH related diseases like cholera, inadequate human and financial resources and city planning especially in developing towns. It was reported that sanitation marketing is still fairly new and sanitation technologies are often inadequate and expensive. Fecal sludge management is a critical issue (emptying septic tanks, waste treatment and reuse as well as regulation).

There are various questions that sanitation practitioners aim to answer, such as how to create sustained access to sanitation products and services over time, how to prevent households from reverting to open defecation practices once behavior change programs end or their toilet requires maintenance as well as how to ensure that households move up the sanitation ladder, namely, invest in improving their toilets. The challenge is to ensure that change is managed in such a way as to progressively reduce inequalities, improve levels of service, as well as make sure progress is tracked in national and global monitoring systems.

## WORLD CAFÉ

In the morning of Day 1 we learned about national and global market-based sanitation experiences in a series of World Café sessions; who plays what roles in creating functioning systems for permanent sanitation service delivery and, if relevant, the challenges they're currently facing. These presentations are summarized as follows:

Presenter	Overview	Challenges
<b>Tools for Enterprise and Education Consultants (TEECs)</b>	TEECs is involved in sanitation marketing and works with microfinances to offer loans. The business model is friendly to low income earners and is sustainable in Malawi and beyond. It is also scalable given the right finance and technology.	<ul style="list-style-type: none"> <li>• Getting a loan from banks</li> <li>• Effects of currency devaluation</li> <li>• Have to look for loans socially so as to decide how to deal with devaluation</li> </ul>
<b>African Medical and Research Foundation (AMREF):</b>	<p>People in Northern Uganda people forcibly relocated, but not provided with adequate sanitation nor is there a strategy.</p> <p>Village Savings and Loan (VSL) concept:</p> <ul style="list-style-type: none"> <li>▪ Capacity building</li> <li>▪ Hygiene training</li> <li>• Rights training</li> <li>▪ Bookkeeping training</li> </ul>	<ul style="list-style-type: none"> <li>• Community mobilization on the plans of the VSL</li> </ul>
<b>Water.org</b>	The Water Credit Initiative which is catalyzing and improving the delivery of small loans to individuals, entrepreneurs and communities in developing countries who do not have access to traditional credit markets.	
<b>Angels Initiatives</b>	Angels Initiatives support business development centers that provide access to small, medium and growing enterprises.	<ul style="list-style-type: none"> <li>• Expensive capital from investors</li> <li>• Payment systems are still old-fashioned</li> <li>• Flow of investible businesses is still low</li> </ul>
<b>WSUP Enterprises</b>	Use human-centered design, look at the concept and see if it connects with the needs of people, find out if people part with their money for this new concept. After setting up the business, they look for other sources of finance.	<ul style="list-style-type: none"> <li>• Business model should be self-sustaining so as not to depend on government</li> <li>• People trust international brands (branding important to build trust)</li> <li>• People have sporadic incomes (not always constant)</li> </ul>

		<ul style="list-style-type: none"> <li>• Strategy/way forward is shifting the payment from upfront to regular small payments</li> </ul>
<b>Akvo FLOW</b>	It has two components which include the mobile installation app for field survey and the server which is connected to the mobile installation app GPS and a camera for data collection. Allows data checks which ensures data integrity, can collect data in different languages and the information can be translated back into English, the program allows for surveys to be done online so that there is no need for use of paper codes, Point update feature which allows data to be collected over a period of time.	
<b>iDE</b>	iDE focuses on creating income and livelihood opportunities for poor rural households. HCD [human-centered design] by iDE uses rapid prototyping to create a better product by factoring in the current performance and feedback from customer.	
<b>Hygiene Village, Malawi</b>	Lessons from Nkhosakota Sanitation Village Savings and Loan Banks (see case study below)	
<b>PSI</b>	Supporting Sustainable Sanitation Improvements (3SI) in Bihar through supply-side strengthening (see case study below)	<ul style="list-style-type: none"> <li>•</li> </ul>
<b>WSP</b>	<ul style="list-style-type: none"> <li>• The sanitation market is small. Yet it estimates USD \$300 million a year and its potential market is 2.5 billion</li> <li>• Sanitation is a low margin business</li> <li>• People without sanitation cannot afford it; yet without money it's a low expenditure priority</li> <li>• People want improved sanitation; and the poor will pay for their situation but won't find anything worth buying; they will make due</li> <li>• Policies promoting sanitation stimulate private initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Product – quality is irregular /standardization is required</li> <li>• Price- improved latrines are expensive</li> <li>• Supplier constraints include thinly spread capital, limited market information and sanitation</li> </ul>
<b>Acumen</b>	Acumen is an impact investor that invests in ideas, leaders and companies who provide goods and services that serve persons Acumen has been investing in innovation in water	<ul style="list-style-type: none"> <li>• High dependence on NGOs and MFIs for financing and high coordination needed between “market makers”,</li> </ul>



and sanitation since 2003. It has identified a number of models for sanitation as a business including:

Do-it-yourself: customers aggregate input materials and hire masons or executors to construct the toilets. Quality is dependent on the skill-set of the mason and the ability to pay of the customer. Do-it-yourself model works well in the rural areas where there is available space for construction of sanitation facilities.

Turn-Key service provider: the entrepreneur/ business entity provides a turn- key solution and has an end-to-end delivery responsibility from old generation.

Pay-as-you-go: users do not own or pay to construct toilets; they just pay whenever they feel that they want to use the toilet.

NGOs, MFIs and other chain actors in initial stages (unless MFI is the lead actor)

- The need to identify, convince and incubate large numbers of Turn- key service providers could potentially be an intensive effort resulting in high ramp-up time and greater need for “market maker” brand width. Turn-key service providers would predominantly need to be micro- entrepreneurs
- Revenue may not be sufficient to cover the cost of the investment as arrangement may come to close before the business entity receives their return on investment

#### Water For People

- Improved customer service is essential
- Engineers complicate designs, not good for African markets
- Products need to be designed for the customers: 20% is product design, 80% is marketing+promotion (Paul Polak, iDE)
- Remember the 4 Ps: Right product at the right price, in the right place with the right promotions
- For masons, latrines are a small job, work as individuals, do not promote themselves, poorly trained and educated, build traditional design and maximize income

- High cost equipment; downtime waiting for spares, breakages, expensive repairs, petrol pinching, engine pinching, guards at night

#### Habitat for Humanity

Habitat for Humanity runs water, sanitation and hygiene programs as part of its housing microfinance work as well as its disaster recovery work.

The poor are smart consumers: people have the willingness and means to pay if they have the resources; sectors: agriculture, education, health

- Affordable borrowing targeted for the customers and the entrepreneurs

## CASE STUDY: WATER.ORG

**Water.org is a non-profit organization focused on water and sanitation credit programs and provides grants in India, Bangladesh and Kenya, among others. It uses a community-led market based approach to develop solutions for water and sanitation issues.**

- Pioneered WaterCredit since 2003, an approach to enable access to water and sanitation through financing
- Provides grants to communities to repair/ rehabilitate water systems as well as to NGOs to use as a revolving loan fund to extend water and sanitation loans (with a portion of the grant to be used for demand generation)

### **KEY ELEMENTS:**

- Use of local partners: works with local partners who have the expertise needed to implement projects
- Community ownership of projects: encourages community participation through cost-sharing, local leadership and designing of projects according to community demand
- Use of appropriate technology: encourages local partners to develop standardized products that cater to their local context, topography, etc.
- Focus on monitoring results: apart from internally monitoring performance of its projects, also contracts third-party organizations to monitor and evaluate projects

Investments made by Water.org leverage far more funds to meet water and sanitation needs than traditional grant-driven expenditures. Over a 10-year period, five times as many people can have safe water with Water Credit than with a similar amount of grant funding. Water Credit loans empower relatively poor people to address their own water needs, on their own timetable. Also, by establishing creditworthiness, they are able to take out additional loans from commercial lenders. As loans are repaid, they can be redeployed to additional people in need of safe water and sanitation. As subsidies in water projects increase, sustainability decreases. With Water Credit, users have a financial stake in their water supply solutions and a greater incentive to ensure proper operation and maintenance. Water Credit frees up grants to go where they are needed most – to the poorest of the poor.

## CASE STUDY: POPULATION SERVICES INTERNATIONAL

PSI is a global health organization dedicated to improving the health of people in the developing world whose hallmark is a commitment to the principle that health services and products are most effective when delivered using market-based approaches. PSI has projects in Kenya, India, Laos, Liberia, Ethiopia, Mali, Senegal and Niger related to the implementation of market-based approaches to sanitation.

3SI – “Supporting Sustainable Sanitation Improvements” (3SI) Bihar through Supply-Side strengthening in Bihar, India

**OBJECTIVE:** To increase access to, and use of, improved sanitation in rural Bihar, India by strengthening the supply chain and developing a commercially viable business model.

3SI is a 5-year project deployed by PSI, Monitor, Water for People and PATH, supported by the Bill & Melinda Gates Foundation. The program aims to increase sustained access to and use of improved toilet facilities among the poor in Bihar by developing scalable private-sector business models for the local market. An in-depth landscaping study found that open defecation is the social norm in these districts but that there was demand for toilets, driven by reasons of privacy, safety, social status, convenience. The supply of input materials for constructing toilets is dispersed and there is a lack of standardization in product design, inputs, quality and costs. A consumer preference study was performed to find an affordable and permanent solution, a circular pit model. Workshops were conducted with government and other stakeholders to share study findings and discuss opportunities for catalyzing the sanitation market in Bihar

PSI proposes 3 product designs for different customer groups (including standard and flood-prone designs) via a market model and advice on pricing and standardization of the products. It's a one stop solution for the people rather than people traveling long distances to get materials and making several trips. PSI goes to villages sensitizing people on sanitation. It started a financial scheme to provide finance to households.

Cement ring manufacturers (CRMs) with a potential for providing complete toilet construction services were identified Eligible CRMs were developed into Turnkey Service Providers (TSP) and became a single point for finding all the construction materials, trained manpower and toilet construction. These TSPs are known as Saadhan Sanitary Marts.

Sale representatives introduce Saadhan Sanitary Marts to consumers and motivate them to construct toilets. Sales representatives coordinate with partner MFIs to organize self-help group meetings and reach out to interested members. They also collect household-level data for each lead generated. Sales representative assess the space available for toilet construction, book orders and receive advances for construction.

## CASE STUDY: HYGIENE VILLAGE PROJECT

**Hygiene Village Project (HVP) is a local NGO in Malawi implementing a 2-year accelerated sanitation and hygiene project with funding from the Global Sanitation Fund in Nkhotakota District. The project targets 129 communities and 139,557 people.**

HVP has facilitated the establishment of 14 Village Savings and Loans (VSL) Banks in Mphangwa village so that communities could save enough money to meet households' needs. The loan is paid back at the end of the week or month at an agreed affordable interest. Each group has a number of regulations and norms, for example members of the Bank are obliged to construct or improve a household latrine.

Benefits gained by the 14 VSL Banks by Dec 2013 – each village had an average of 1.4 million KW (USD 3333); this translate to a total of 19.6 million KW for all the groups in Mphangwa village. Members have used this money to:

- Construct 15 improved latrines and 84 slabs
- 3 houses wired fitted with electricity
- 4 members managed to have individual water connections MK 45,000 /USD \$321
- A total of US\$7,000 paid for children's school fees
- 2 members have bought iron sheets for their houses
- Business opportunities boosted

Advantages of VSL Bank: members access their own capital from within the community; easier and time saving – no queuing, filling forms, or being turned down by the commercial banks because of lack of collateral or supporting documents; promotes transparency and accountability as all transactions are done in presence of all members

Lessons learnt: As more households demand for sanitation services this is a readily available business for masons; sustainability after the facilitations, the groups are left to run daily business independently; VSL members have become facilitators for other groups in the communities;

Potential risks/threats – fear of loss of savings through theft as money is kept in the village; fear of depositing the money into commercial bank saving account due to a number of factors including long distance

HVP developed a simple Village Saving and Loan Trainers Guide and offers knowledge and skills to the group members interested in the creation and operation of savings and loans associations in their communities



## TRENDS IN DONOR SUPPORT

A panel discussion followed with William Lin, (Johnson & Johnson), Jesse Shapiro (USAID), Fredrick Tumusiime, (GIZ), and Jailan Adly, ([PYXERA Global](#)). The issues discussed ranged from trends in donor support, donor expectations, sector expectations and what donors need from the sector to best support services.

The sector is seeing some great innovation that could potentially shake up the market and deliver better products and services at a much lower cost. These business models vary among the different aspects of the sanitation end-to-end solution, such as new latrine financing options, new emptying technologies, and transportation and treatment/re-use models. The sanitation sector has for too long treated the poor as beneficiaries of aid programs, as opposed to consumers in a market economy. Much donor funding has historically focused on water supply within WASH and largely neglected sanitation, however this landscape is changing as donors are recognizing the importance of sanitation and how far it lags behind water access improvements. Innovative financing products are being tested by local finance institutions with the support of NGOs/international development agencies, such as microfinance, crowd funding and impact investing. For consumers to invest in sanitation, solutions need to be designed to fit with their needs, desires and wants. Solutions that start with the needs and desires of the consumers are becoming more prevalent and showing early signs of success. PYXERA Global, for example offers resources to bridge gaps between corporations and implementing organizations in the development sector by creating opportunities for implementers to receive corporate-level technical advice and support with a talent pool of international corporate volunteerism (ICV) and MBA's Without Borders that can support local agencies.

### WHAT DO DONORS NEED FROM THE SANITATION SECTOR TO BEST SUPPORT SERVICES?

Market-based approaches aim to address some of the shortcomings of supply-focused sanitation efforts, such as subsidy programs that are often seen as unsustainable hand-outs. Donors are looking for at-scale programs and approaches that address the entire system – not just demand or supply, but the two together. Establishing accountability is important.

- Start where it works, build experiences and scale up: Achieving solutions at scale requires a program and systems approach
- Co-funding should be embraced too
- Emphasize sustainability (from project-based approach to sustainable interventions)
- Implementation agencies can leverage funds by avoiding duplication of efforts and repeating the same mistakes; engage the right partners and narrow down the number of projects and countries
- Consider up-scaling by being strategic and targeted in the interventions; concentrate on partnerships and networking
- Provide a clear exit strategy that ensures sustainability—think if the program ended today would it still carry on to meet the ultimate goal
- Identify barriers to scaling up already existing interventions and find solutions

### TAKEAWAY MESSAGES: TRENDS IN DONOR SUPPORT

- The private sector, working with the public sector and development can advance the sanitation agenda for donors and corporate partners
- A focus on 'beneficiary numbers' is short-sighted, 'catalytic philanthropy' could channel donor investments into programs that support the market economy
- Entrepreneurs need grants for innovation; this would allow them to use the market economy as their testing ground

- Just as stakeholders have combined efforts to pool resources, donor agencies should also cooperate in order to avoid duplication of efforts and wastage of funds
- Setting up social enterprises is a way of delivering breakthrough innovations in the sector
- More implementers should embrace human-centered design that ensures solutions meet the needs and desires of people, rather than basing a solution on any one technology
- NGOs should be less risk averse, and favor:
  - experimentation over elaborate planning
  - customer feedback over intuition
  - iterative design over traditional “big design up front” development
- Can a sanitation fund be created that uses the investment discipline of mainstream finance institutions but provides finance to sanitation entrepreneurs, manufacturers and end-users?

## THE ROLE OF THE PUBLIC SECTOR

This session comprised 10 minute introductory presentations followed by questions and a facilitated discussion. The presentations were:

- Experience and challenges of KCCA - Najib Bateganya
- District Health Inspector for Soroti District, Uganda – Eyura Martin
- -City Assembly of Blantyre - Dr. Emmanuel Kanjunjunju

**COMMON CHALLENGES DESCRIBED:** fast population growth rates; high poverty rates among low income dwellers; lack of urban planning; coordinating actors and actions; land tenure system and/or the limited availability of land in informal settlements; supply side of sanitation chain; low cost recovery.

### EXAMPLES OF PUBLIC SECTOR OPPORTUNITIES AND FINDINGS FOR SUPPORT OF ‘SANITATION AS A BUSINESS’

- A framework for the private sector e.g. pit emptying in the city and reorganize the service so that people have a reliable service at a defined fee
- A program targeting vulnerable groups (youth and women) in sanitation waste management and linking them with potential partners that can develop their business
- Village saving schemes directed to sanitation services
- Private investment promoted in arrangements for fecal sludge management (composting and biogas production)
- Uganda Home Improvement Campaigns along with village triggering are effective in raising awareness and demand creation in order to scale up CLTS
- Building demand for sanitation in communities and microfinance for sanitation in rural areas: based on awareness of the services available and affordable
- The city council is engaging operators to run public toilets at a fee [Blantyre, Malawi]
- Masons and artisans are trained before they trigger communities to ensure sustainable supply within communities. Masons and artisans are selected by the community themselves and its possible to negotiate for a better price through barter trade or cash payment [Soroti]

### **TAKEWAY MESSAGES: THE ROLE OF THE PUBLIC SECTOR**

Key to success is national commitment to sanitation, backed by a policy on sanitation programs; clear responsibility for implementation in a single government agency; partnerships and alliances; capacity building through training; sustained investment; appropriate technologies; monitoring and supervision. This requires:

- Strong political commitment: sanitation at household and institutional levels (markets and schools) recognized in national policy
- Good leadership at all levels of government: The need for consistent, clear leadership for policy implementation and capacity for service delivery (i.e. a single dedicated unit) as well as policy on sewerage sanitation and non-sewered sanitation; government bodies have the tools and incentives to effectively regulate the sector for the public good
- Public funding for software activities: government-funded capacity building and education activities for health officers, trainers, villagers, monitoring and hygiene promotion as well as research and development
- Public-Private Partnerships: Such partnerships are used to influence more people to take on the model; the role of the public sector in this case is to utilize the policy to influence and cause an increase in demand as well as supply of services; government role to provide support to R&D and also market intelligence
- Dedicated funding: Financing institutions invest in sanitation businesses; financing also required at the community level, to leverage household investments in sanitation
- Sanitation businesses target low-income people: low-income populations are often considered unprofitable, hard to reach and expensive to serve; low income communities tend to be served by the informal sector who lack the business acumen to access finance and continually innovate; existing business models are geared mainly around higher income and institutional customers; business may also be uncoordinated
- Active community participation: Important for community to support approaches and see the value in the product and services being provided by the private sector

## SUMMARY OF DAY TWO: Loosening the Blockages

---

Aim: Establish a vision of success for “sanitation as a business” and design key interventions that will help us achieve this vision.

On Day 1 we heard about the blockages to sanitation markets as well as successful pilots and programs in the World Café. The potential for scaling up sanitation through expanding and forming alliances between public and private sectors. The theme for Day 2 was ‘Loosening the Blockages’, generating ideas for making ‘sanitation as a business’ work more smoothly as well as mapping where the linkages between various actors lie.

Participants split into their thematic working groups to discuss practical steps for unclogging sanitation at scale:

- **Public sector**
- **Business models**
- **Finance**
- **Technology**
- **Demand creation and behavior change**
- **Monitoring**
- **Intersectoral links**

Participants worked in these thematic groups to explore strategies and initiatives on each of the themes, to generate ‘out of the box’ thinking about the challenges faced and how they might be overcome. Participants started to identify where common thinking exists and explore how to make ‘loosening the blockages’ more likely.

**Session 1:** The day began with prioritization of three key challenges identified by the participants on Day 1. All the participants used stickers to vote for two key challenges per theme and the three challenges with the highest numbers of stickers were presented by a representative from each thematic group.

**Session 2:** Participants set out a vision - and presented the ‘performance headline’ – of what success would look like; each thematic group formulated a desired performance and indicators that answer the following questions

- What does success look like?
- How do we know when we succeed?
- What does success enable?
- Where do we want to go?

This exercise was a way of focusing on objectives and establishing where the sectors have to go.

**Session 3:** Participants used the three prioritized challenges and their performance headline to come up with creative solutions to unclog the blockages (in each thematic group, participants paired up and brainstormed fifteen possible solutions in three minutes), which were then shortlisted (based on participants’ comments) to a solution that could be achieved in a ‘thirty day challenge’. Each thematic group gave a presentation of their thirty day challenge and participants gave feedback on post it notes. By using this brainstorming methodology, participants were forced to think creatively and quickly to come up with as many solutions as possible, no matter their viability. Then, together as a group, they were able to pare down the ideas to pull out the most promising solutions.



## Summary of the work of the thematic groups

---



Technology Working Group



Demand creation and behaviour change



Monitoring Working Group



Finance Working Group

1. **Public sector:** What can authorities and regulators do to enable sanitation as a service and as a business?

Three key blockages	<ol style="list-style-type: none"> <li>1. Incentives/stimulation for private sector investment/involvement in sanitation along the full sanitation chain</li> <li>2. Need to review policies to include SAAB (sanitation as a business)</li> <li>3. Enforcement of sanitation standards and bylaws</li> </ol>
What does success look like?	Thriving sanitation businesses covering the full chain of sanitation services, enabled by public sector policies, bylaws, institutions and infrastructure, bringing to customers choices between affordable options and efficiency in sustainable service delivery for all
Performance headline	Organize a facilitated dialogue at national level between public sector and private businesses/investors, showcasing documented successes in sanitation business
A thirty day challenge	<ul style="list-style-type: none"> <li>• Map potential partners (SME, investors, institutions)</li> <li>• Identify relevant success stories</li> <li>• Identify cost sharing or financing solutions</li> <li>• Identify facilitators/moderators</li> <li>• Publicize or convene meeting</li> </ul>
Ideas of Potential participants	<p>Representatives from Ministries (Water &amp; Environment, Health, Agriculture, Trade, Finance, Local Government and others )</p> <p>Associations for consumers, businesses / private sector foundations and manufacturers</p> <ul style="list-style-type: none"> <li>- Experts in Sanitation as a Business</li> <li>- Small, Medium and Large Enterprises</li> <li>- NGOs active in the sanitation sub-sector or in private sector participation</li> <li>- Social entrepreneurs and investors</li> <li>- DPs / IFI / Banks / MFIs</li> </ul>
Expected outcomes	<ul style="list-style-type: none"> <li>- Opening up of public sector thinking of and views on SAAB</li> <li>- Interest in sanitation from business actors</li> <li>- Road map / action plan to jointly (i.e. Public and Private Sector) <ul style="list-style-type: none"> <li>o Identify existing policies that already support SAAB</li> <li>o Review other policies</li> <li>o Clarify or refine institutional set up and regulation (including enforcement)</li> <li>o If needed define new guidelines</li> <li>o Need for development of infrastructure (public or private)</li> </ul> </li> </ul>

## 2. Business models: what business models are working, where and why?

Three key blockages	<ul style="list-style-type: none"> <li>• Lack of business models that are pro-poor inclusive</li> <li>• Lack of consumer understanding in regards to designing appropriate technology and business models for the consumers</li> <li>• Lack of clear path from pilot to scale – how do you move from pilot and scale up –and the standardized models and tools for scaling up?</li> </ul>
What does success look like?	<p><b>DESIRED PERFORMANCE 2020 BUSINESS MODELS</b></p> <p>a) Developing pro-poor /poor- inclusive business models “PRIVATE SECTOR COVERS 100% SANITATION NEEDS OF THE UNDER PRIVELEDGED”</p> <p>b) Consumer Understanding “SANITATION INFORMATION + UNDERSTANDING= HAPPY USERS”</p> <p>c) Pathway from pilot to scale: How? Standardized model and tools? By having a common set of tools from different stakeholders and concentrating on business models that are/have been proved to work when scaling “ONE PRODUCT, ONE SERVICE: STEP BY STEP”</p>
Performance headline	<ol style="list-style-type: none"> <li>1. “Making money out of and for the poor”</li> <li>2. Families say, “the toilet is my favorite part of the house”</li> <li>3. “Shit-free world: No more poops outside!”</li> </ol>
A thirty day challenge	<p><b>Final process:</b> Know your customer market and business deeply in order to better serve your customers and make more money.</p> <p><b>How:</b></p> <ol style="list-style-type: none"> <li>1. Reduce redundancy and leverage each other’s efforts; knowledge management through effective ways of sharing and inspiration from other sectors</li> <li>2. Advocacy through creative formats, get to the point and make it attractive, prove we have results</li> <li>3. Business model development where you involve people throughout the process. Supply chain research: is there any if not who?, Consumer research (demand), Scale local, regional national business opportunity profile (BOP)</li> <li>4. Scale via proof of concept through the private sector, demand creation, user insights, and promotions</li> <li>5. Convincing private sector actors to invest given other lines of business</li> </ol>

### 3. **Finance:** what financing solutions and mechanisms are unclogging the blockages

Three key blockages <i>Sub group 1</i> – <i>Sustainable donor funding coalition for sanitation.</i>	<ul style="list-style-type: none"> <li>• Collaboration with the actors like NGOs, Investors, microfinance institutions is still a challenge; whereby people would want donors to collaborate with everyone yet this is not the case</li> <li>• Dedicated funding streams for sanitation i.e. sanitation is not a priority for donors, they prefer to donate to other activities they consider productive ventures</li> <li>• Funds for research and development is scarce and without a long term horizon</li> </ul>
Three key blockages <i>Sub Group 2</i> – <i>Consumer Enterprise</i>	<ul style="list-style-type: none"> <li>• Loans for sanitation vs. income generating activities: financial institutions prefer giving loans to income generating activities</li> <li>• Lack of sanitation experience by microfinance institutions (MFI's) and banks</li> <li>• Difficulty to interest banks and microfinance institutions to finance consumers or enterprises</li> </ul>
What does success look like?	<p><i>Donor Financing Solutions</i></p> <ul style="list-style-type: none"> <li>• Advocacy and influencing of sanitation prioritization and financing among donors</li> <li>• Ensure donors have strategic sanitation investment plans; clarify the roles and responsibilities of donors</li> <li>• A clear plan showing how donors can interact</li> <li>• Clear budget and workshop plans targeting sanitation</li> <li>• Research and development expertise from donors</li> <li>• Re-design requests for funding specific to sanitation needs</li> <li>• Set up national and regional research and development centers with links to private donors</li> <li>• Involve donors in working group discussions on sanitation funding requirements</li> </ul>
Performance headline	<p>Performance Headline: "Global Sanitation Financing Alliance(GSFA) has achieved \$100 million sanitation portfolio"</p> <p>Formation of GSFA to raise capital for sanitation financing</p> <ul style="list-style-type: none"> <li>- Consultative meeting with the donors</li> <li>- Concept note on GSFA for fundraising</li> <li>- Demand supply gap analysis for sanitation financing</li> <li>- Business planning for GSFA for sanitation financing</li> <li>- Orientation of MFIs and banks on sanitation financing.</li> </ul>
A thirty day challenge	<p>The GSFA to raise capital for sanitation financing: consultative meetings with donors, investors, banks, high net-worth individuals, and CSR foundations; concept note on GSFA for fundraising; demand supply gap analysis for sanitation financing; business planning for GSFA for sanitation financing; orientation of MFIs and banks on sanitation financing</p>



4. **Technology:** what technical solutions are unclogging blockages? What have we learned about what works, what does not work and why?

Three key blockages	<ul style="list-style-type: none"> <li>• Research and development</li> <li>• Lack of standard design</li> <li>• Affordability</li> </ul>
What does success look like?	<p><i>What does success look like?</i> Communication of technology, diversity of options, available for all, sustainable and affordable technology</p> <p><i>How do we know when we've succeeded?</i></p> <ul style="list-style-type: none"> <li>• When the technology is accepted by the culture/people</li> <li>• Scaling up / growth / demand for sanitation technology</li> <li>• Health impact on population</li> <li>• Technology accepted by government – adoption and promotion</li> </ul> <p><i>What does success enable?</i></p> <ul style="list-style-type: none"> <li>• Improved public health and sanitation</li> <li>• Business opportunities</li> <li>• More investment in R&amp;D</li> <li>• Technology networking and growth for the whole sanitation chain</li> </ul>
<b>Performance headline</b> Sub group One:	<p><b>It's not all about NUTS and BOLTS!</b></p> <p>New product is easily produced at various scales and is accessible to all customers – shows high customer satisfaction and performance!</p> <p><i>Where do we want to go?</i> Standard technology options which are accessible, acceptable, affordable, sustainable and scalable. The above options should cover any situation (cultural)</p> <p>Creation of a common open-source network for sharing sanitation technology ideas and networking (build on existing efforts of SuSanA, EAWAG Compendium, and Akvopedia)</p>
<b>Performance headline</b> Sub group Two:	<p><b>STANDARD tech options available for all!</b></p> <p><i>S- Sustainable</i></p> <p><i>M- Manageable</i></p> <p><i>A- Acceptable / Available / Accessible</i></p> <p><i>R- Replicable</i></p> <p><i>T- Transformable</i></p>
A thirty day challenge	<p>Problem: Achieving scaled success</p> <p>Solution: Recipe for scaled success</p> <p>Specific components: Training across all sectors; identify the need</p> <ul style="list-style-type: none"> <li>• Product, service, system</li> <li>• Bought by end users, clients, small businesses, service providers</li> <li>• Teams of various sector specialist combine to create solutions; add others as needed</li> </ul>
Participants feedback	<ul style="list-style-type: none"> <li>• What training is that?</li> <li>• Is one meeting practical? Action oriented training!</li> <li>• Can the private sector stay away this long?</li> <li>• Local innovation inspiration</li> <li>• We need to put the human at the center of the scheme</li> <li>• How to incentivize the private sector and financial institutions to attend meeting</li> </ul>
Unclogging plan	<p>Step 1. Market research &amp; HCD – what they need</p> <p>Step 2. Develop design criteria – what are the key identifiers of their solution</p> <p>Step 3. Develop and implement an online database of SMART sanitation technologies, business models, and supply chains.</p>

5. **Demand creation and behavior change:** what demand creations strategies and initiatives best link up with sanitation business supply chains? (generating demand that links with supply)

Three key blockages	<ul style="list-style-type: none"> <li>• High cost of behavioral change; people are set in their ways and may not see need for improved sanitation</li> <li>• Lack of evidence and research knowledge</li> <li>• Sequencing behavioral change and sanitation marketing</li> </ul>
What does success look like?	<div> <div>Knowledge hubs</div> <div>Researchers</div> <div>Private sector</div> <div>Entrepreneurs</div> </div> <div> <div>Behavior change hub e.g. SuSaNa, IRC</div> <div>Regional hub e.g. African website</div> <div>National hub e.g. forums, working groups</div> <div>Midlevel hub</div> </div>
Performance headline	<p>Sub Group 1: BEHAVIOR CHANGE</p> <p><b>HEADLINE: WORLD DECLARED OPEN DEFEACATION FREE (ODF)</b></p> <ul style="list-style-type: none"> <li>• A more accessible and inclusive platform to disseminate research to facilitate effective utilization</li> <li>• Appropriate adoption use and maintenance of toilets and latrines</li> <li>• Affordable and scalable behavior change approaches</li> <li>• Number of institutions replicating strategies and low cost approaches</li> <li>• Improved sanitation coverage</li> <li>• Improved health and increased economic opportunities.</li> </ul> <p>Sub Group 2: <b>HEADLINE: TOILET MANUFACTURERS OUT OF STOCK</b></p> <ul style="list-style-type: none"> <li>• Target population is empowered to demand for improved sanitation products and services</li> <li>• Coordination and collaboration information sharing to lower costs of sanitation products and services</li> <li>• Use of shared evidence to develop effective strategies and intervention</li> <li>• Sustained increase in the utilization of sanitation products and services</li> <li>• Achieve sanitation with dignity for all</li> </ul>
A thirty day challenge	<p><b>Idea 1</b></p> <p>Dissemination for behavior change best practices</p>

	<p>Concept note writing</p> <p>Identify categories of people at all levels (global, regional, and national)</p> <p>Create a hub at national level; identify cost and define the mandate; engaging with existing knowledge management hubs:</p> <ul style="list-style-type: none"> <li>• Global – mainstream a working group on behavior change and disseminate information on behavior change e.g. SuSanA, IRC, WSP</li> <li>• Regional – make a behavior change a key focus in their undertakings; champion regional knowledge exchange on best practices on behavior change e.g. ANEW, WSP</li> <li>• National – make behavior change a key focus in the undertakings discussed during Joint Sector Reviews; disseminate IEC materials at local levels through existing structures like extension workers; knowledge attitudes and practices surveys e.g. NETWAS, WSP.</li> </ul>
	<p><b>Idea 2</b></p> <p>Promoting effective partnerships between demand creation actors to improve cost efficiency of sanitation demand nation</p> <p>Use of mapping for decision making (strategic planning)</p> <ul style="list-style-type: none"> <li>• SWOT of communication mediums, cost effective channels, demand creation approaches</li> <li>• Identify vision, objectives/targets, work plans, linkages between other groups</li> </ul> <p>Activities:</p> <ul style="list-style-type: none"> <li>• National mapping of demand actors to identify gaps, duplications, partnerships, best practices, lessons learned, strengths</li> <li>• Technical Working Groups (TWG) for sanitation demand creation will advocate and lead conducting demand creation mapping</li> <li>• TWG for demand creation will own lead dissemination of results and recommendations to water, sanitation, health, and other relevant sectors</li> <li>• Design mapping with consumer insights (demand creators for example better data visualizations) how do we make this useful</li> </ul>
Participants feedback	<p><i>Questions:</i></p> <p>How many people in the field are actually reading the information made available? Reply: use of extension workers that share the information that they have learnt from research study, they should share the information downward to communities</p>

6. **Monitoring:** monitoring systems and indicators for sanitation as a business and a service

<b>Three key blockages</b>	<ul style="list-style-type: none"> <li>• How to monitor the private sector players?</li> <li>• Who will fund monitoring activities beyond projects?</li> <li>• Data analysis and use of monitoring data program management (indicators to monitor)</li> </ul>
<b>What does success look like?</b>	Mapping for strategic collaboration: sanitation working group engage line ministry for effective mapping; technical assist in the ministry to develop tools to make the use of data; develop a strategic plan and linking partner activities; coordination; regular review and update map
<b>Performance headline</b>	"Harmonized monitoring system for sustainable sanitation"
<b>A thirty day challenge</b>	<ol style="list-style-type: none"> <li>1. Establish a working group to map sector players (government, NGOs, private sector and donors), indicators, monitoring systems use of monitoring data, data analysis, and reporting</li> <li>2. Convene a working forum to share results brainstorm on solutions and review what works then come to a consensus - standardize key indicators and tools – shared platform – data analysis and reporting</li> <li>3. Create a consortium of partners who:               <ol style="list-style-type: none"> <li>i) invest in the same MIS platform</li> <li>ii) standardize the M&amp;E system</li> <li>iii) share results among the members of consortium</li> <li>iv) provide necessary support</li> <li>v) design a mechanism to incentivize private sector to contribute to M&amp;E</li> <li>vi) data management</li> </ol> </li> </ol>
<b>Participants feedback</b>	<ul style="list-style-type: none"> <li>• Advised to move away from the idea that monitoring is something the donor needs to pay for; must just find a way to do it</li> <li>• It's not super expensive to setup the tools</li> </ul>



7. **Inter sectoral links:** how to strengthen links with other sectors (such as housing and agriculture) for better services and business development

<b>Three prioritized challenges</b>	<ul style="list-style-type: none"> <li>• Uncertain leadership: who leads and funds sanitation?</li> <li>• Not addressing the district-wide or city-wide service delivery</li> <li>• The lack of knowledge on opportunities in other areas to learn from and contribute to</li> </ul>
<b>Vision of success</b>	<p>Indicators</p> <ul style="list-style-type: none"> <li>• Increased opportunities for sanitation product entrepreneurs and employment</li> <li>• Sanitation service coverage goes up</li> </ul>
<b>Performance headline</b>	<b>"We ALL SEE SHIT AS GOLD"</b> – Full <i>district-wide sanitation coverage brings Health and Wealth To All!</i>
<b>A thirty day challenge</b>	<ul style="list-style-type: none"> <li>• Cross border sector business incubation center and dissemination center for sanitation</li> <li>• Hosted by government and supported by partners</li> <li>• Target at innovative business across the value chain and across technology, business models, and finance</li> <li>• Charter on who will be involved and how they will be involved</li> <li>• Marketing strategy and common language across sectors</li> <li>• Build evidence-based MERL (MERL- monitoring, evaluation, resolution, and learning)</li> </ul>
<b>Participants feedback</b>	<ul style="list-style-type: none"> <li>• Where is the incubation center? Is it online? Reply: bricks and mortar is more sustainable</li> <li>• Does Governments have the technical and material capacity? Who would monitor the Government? Who exactly in Government? Ministry? Will Government fund? Lead the way? Won't government slow down the process? Is it better to have someone like water.org? May be ask a CSO to co-chair because government is not good at taking initiatives forward</li> <li>• How do we get development partners to work together? How do we trigger them? How do you get the private sector to participate?</li> <li>• Make sure this has a marketing strategy and common language across sectors to get others involved</li> <li>• This idea fits with that of the finance working group e.g. combined business /sanitation MFI loans</li> <li>• Tailor technical assistance &amp; mentoring by partners; great idea but tough job ahead</li> <li>• Do R &amp;D in sanitation simultaneously</li> <li>• Are the projects funded internally? By private sector?</li> <li>• The incubation center should bring players with business acumen; this will trigger and motivate them especially at district level; it is more of a coordination mechanism rather than an entity; the district is providing space</li> </ul>

A market place on sanitation was held; stands, posters and actual products were put on display by Water For People, Engineers without Borders, Centre for Appropriate Technology Centre for Water and Sanitation (ATC), and EnviroSan.

The technologies and approaches demonstrated in the marketplace provided a visual aid to participants to better understand their function and design and to show their potential for commercial viability. These included:

- A model tiger toilet (being piloted in Uganda by ATC in partnership with Water For People and Bear Valley Ventures Ltd)
- The Rammer pit emptying device which has the capacity to deliver sludge directly to a 200 liter drum without the need for transfer buckets
- EnviroSan plastic injection molded sanitation products
- A hand cart device to maneuver full barrels of fecal sludge to the road-side for pick-up
- Dura San a complete pour-flush latrine package of interlocking cement slabs that customers can assemble without a mason
- A decentralized fecal sludge treatment systems using low-cost anaerobic buffer reactor

The models presented:

- build on local solutions
- emphasize low-cost and easy-to-do solutions
- learn by doing and make step-wise improvements
- have been adapted for different country contexts
- encourage people to share experiences and come up with their own ideas and solutions.



## SUMMARY OF DAY THREE: Unclogging the Blockages

---

Aim: Set out recommendations and actions for what social enterprises, financial organizations, NGOs, and governments should do going forward?

The aim for Day 3 – Unclogging the Blockages – was to agree a framework that outlines how social enterprises, financial organizations, NGOs, and governments can work more effectively together to address the challenges faced.

Each thematic group came up with an Action Plan that describes who needs to do what going forward. The group secured buy-in from members to make the plans binding with consensus for wider circulation. The groups made presentations of their plans to the rest of the participants.

The key messages, recommendations and actions identified have been formulated into an Agreement Framework. The Framework includes a set of recommendations to be communicated to sanitation stakeholders via the organizing partners and participants present. These recommendations are based on the conversations at the meeting.

## WAYS FORWARD: Unclogging Action Plans

### PUBLIC SECTOR THEMATIC GROUP

	Actions/tasks	Potential people involved	Person responsible
1	Clarify who in the sector has the mandate to lead sanitation	Country specific	
2	Identify the lead for convening the dialogue	Dept./division in the responsible public sector	National Sanitation Working Group (Uganda) WFP (India, Malawi/Uganda) IRC
	Identify existing budget line or partnerships for initial steps	Sector working group (WG)/ private sector	
3	Identify initial core group	Sector working group (WG)/private sector	<a href="mailto:Patrick.kaahwa@gmail.com">Patrick.kaahwa@gmail.com</a> Uganda WFP-India IRC
4	Mapping of potential participants (iterative process led by core team)	Core group	IRC
	Mapping of existing policies, defined responsibilities and current space for SAAB	Core group	
	Start identifying SAAB success stories	Core group	IRC
5	Define preliminary budget for dialogue	Core group + potential funders	
	Define ToR for dialogue, facilitation and expert inputs	Core group	Katharine McHugh (PSI) IRC
6	Call for funds for dialogue	SWG/Core Group/ private sector	
7	Contracting - Facilitators - Experts - Logistics	Core group / private sector	IRC EnviroSan (RSA) WFP-India
8	Collecting cased studies and preparing presentations	Core group / experts / private sector	IRC; PSI; WFP; Habitat for Humanity; GSF Madagascar; Water.org
9	Develop and finalize program	Core group/experts	
10	Invite	Core group / Lead	
	Convene / Dialogue	All	All
11	Document	Core group/ facilitators/ Experts	
12	Share and disseminate	Dept./Div in Public sector / Private sector	
13	Follow up on action plan	Sector working group	

## BUSINESS MODELS THEMATIC GROUP

Actions/tasks	Person responsible
1 Identify gaps in skill set	<ul style="list-style-type: none"> <li>• WaterAid Uganda</li> <li>• Sanitation-Ministry of Water and Environment (MWE)</li> </ul>
2 Take stock of all tools available	<ul style="list-style-type: none"> <li>• WFP (Sanitation Solutions)</li> <li>• PSI</li> </ul>
3 Share information about tools available	<ul style="list-style-type: none"> <li>• PSI</li> <li>• EnviroSan</li> <li>• UWASNET (Uganda)</li> <li>• PSI WSUP (Zambia)</li> </ul>
4 Gather evidence of success using HCD and market research	<ul style="list-style-type: none"> <li>• WFP(Nicaragua)</li> <li>• WFP(Guatemala)</li> <li>• WaterAid(TZ)</li> <li>• PSI</li> <li>• WSUP (z)</li> </ul>
5 Work through partner in an experience doing market research	<ul style="list-style-type: none"> <li>• WeCan UG (<a href="mailto:patrickkaalwa@gmail.com">patrickkaalwa@gmail.com</a>)</li> <li>• GSF (Madagascar)</li> <li>• Sanitation Water Aid (UG)</li> <li>• PSI</li> </ul>
6 Encourage organizations to hire business-minded people	<ul style="list-style-type: none"> <li>• PSI</li> <li>• WFP</li> <li>• WaterAid(UG)</li> <li>• We Can(UG)</li> </ul>

## FINANCE THEMATIC GROUP

### ➤ Sub Group 1: Donor Financing

	Actions/tasks	Person responsible
1	Form a sanitation working group	UWASNET could advise: ugocoord@uwasnet.org
2	Conduct a sanitation analysis to determine baseline data and quantify gaps	Lillian Nakijoba vaduganda@yahoo.com
3	Harmonize understanding of current situation on sanitation and setting priorities.	Satya Narayan Ghosh snghosh@waterforpeople.org
4	Advocate to the government and obtain the political will	In Uganda, UWASNET can do/ support this (ugocoord@uwasnet.org)
5	Policy brief highlighting the current situation and priority areas	UWASNET has this to some extent for Uganda(ugocoord@uwasnet.org)
6	Round table engagement with the donors to share views	
7	One-on-one lobby with the key donors	
8	Follow-up donor commitments and secure Memorandums of Association	



➤ **Sub Group 2:** Formation of Global Sanitation Financing Alliance (GSFA)

	<b>Actions/tasks</b>	<b>Solution</b>	<b>Person responsible</b>
1	Form a steering committee	The steering committee will have a representative from the different WASH organizations interested in sanitation financing	<ul style="list-style-type: none"> <li>USSIA (Uganda Small Scale Industries Association)</li> <li>Water for People: Gopalan Sampath (Mumbo) <a href="mailto:gsampath@waterforpeople.org">gsampath@waterforpeople.org</a></li> </ul>
2	Gather information on existing practice, market size, demand- supply, gap analysis	The representative organization will conduct in-depth analysis on financing gap and come up with funding requirements for consumer enterprise financing	<ul style="list-style-type: none"> <li>VAD MFI</li> <li><a href="mailto:seleanor@yahoo.com">seleanor@yahoo.com</a></li> </ul>
3	Develop the concept note		
4	Map out potential investors, corporate organizations	List down all the potential donors/ investors, high-net-worth individuals (HNI), foundations, corporate organizations and meet them with the concept notes and demand – supply gap	<ul style="list-style-type: none"> <li>Water For People - Afro (Mumbo)</li> </ul>
5	Consultative meetings, define roles, market the GSFA idea	Consultative meetings with investors and stakeholders will aim at getting buy-in of the concept note by GSFA and other shareholders and define respective roles	<ul style="list-style-type: none"> <li>Water For People- Afro (Mumbo)</li> <li><a href="mailto:Gsampath@waterforpeople.org">Gsampath@waterforpeople.org</a></li> <li><a href="mailto:samzatmgupta@gmail.com">samzatmgupta@gmail.com</a></li> <li>UWASNET to represent civil society</li> </ul>
6	Develop a business plan	Based on the outcome of the consultative meeting, the steering committee will come up with the business plan. The business plan will give information on initial capital required, growth, return on investment	Water For People <ul style="list-style-type: none"> <li><a href="mailto:cnimanya@waterforpeople.org">cnimanya@waterforpeople.org</a></li> <li><a href="mailto:samzatmgupta@gmail.com">samzatmgupta@gmail.com</a></li> </ul>
7	Develop a detailed implementation plan	The detailed implementation plan will illustrate about the entire activity plan of GSFA to the operation process of lending and fund raising activity	
8	Initial capital to activate the GSFA	The partner organization may put initial capital to facilitate the registration of the GSFA to attract investment firms, investors and donors	
9	Register the GSFA	The GSFA should be registered as a legal entity to attract more capital for sanitation financing	
10	Orientation meeting with microfinance institutions and banks on GSFA support	In the orientation meeting, the GSFA representatives will talk about the support one can have for sanitation financing and describe the terms and conditions of the partnership agreement	<ul style="list-style-type: none"> <li><a href="mailto:tsibia@yahoo.fr">tsibia@yahoo.fr</a></li> <li><a href="mailto:samzatmgupta@gmail.com">samzatmgupta@gmail.com</a></li> </ul>

## TECHNOLOGY THEMATIC GROUP

Actions/tasks	Solution	
<b>1</b> Develop online DB [wiki]	<ul style="list-style-type: none"> <li>- Terms and reference</li> <li>- Finalize DB format</li> <li>- Invite partners for information sharing</li> <li>- Data entry / sharing</li> <li>- Survey and review</li> <li>- Open data access</li> </ul>	<p>Player 1. Government involvement Why? Implement policy, enforcement, legislation, land tenure, environmental control. Personnel/roles: health officers, project mgmt., environment officers, monitoring</p>
<b>2</b> Subsections of tech solution [wiki] broken down:	<ul style="list-style-type: none"> <li>- Proven technology             <ul style="list-style-type: none"> <li>- Description</li> <li>- Value and business model</li> <li>- Supply chain</li> <li>- Problem statement</li> </ul> </li> <li>- Key stakeholders</li> <li>- Challenges</li> </ul>	<p>Player 2. NGO involvement &amp; facilitation Community engineering, capacity builders/trainers, advocacy, local NGOs working with international NGOs Why? NGO doesn't need to make money, and has ability to get donor funding. Problems? Often, the need for results quantified by deadline Personnel/roles: engineers, project mgmt.</p>
<b>3</b> Tech in development	<ul style="list-style-type: none"> <li>- Knowledge sharing</li> <li>- Test reports and case studies</li> <li>- Tech proposals</li> </ul>	<p>Player 3. End Users/customers – the need These are critical along the entire process Why? Determining success factor</p> <p>Player 4. Private sector Design appropriate tech They have to understand the demand and want to drive it forward. Understand financial implications Why? Risk for failure. Problems? Capacity issue and lack of knowledge on sanitation Personnel/roles: engineers, marketers, implementing agents, project mgt.</p> <p>Player 5. Donors Funding RND They've the initial money to fund</p> <p>Player 6. MFIs</p>

## DEMAND AND BEHAVIOR CHANGE THEMATIC GROUP

	Actions/tasks	Person responsible
1	Collect funding for mapping	PSI, GSF
2	Present idea to working group	PSI, GSF
3	Comment on mapping tools	
4	Develop mapping tools/define mapping criteria	
5	Define scope of work for mapping	MOH, PSI, GSF
6	Develop plan for nation; district dissemination of mapping results	Water for People (Malawi, India)
7	Hire consultant for data visualization, analysis of mapping results	Water for People (Africa)
8	Develop agenda for strategic planning meeting (communication strategy)	
9	Pay for strategic planning	
10	Participate in strategic planning	

## MONITORING THEMATIC GROUP

Actions/tasks	Person responsible
1 Write a concept note/ TOR on standardized monitoring system	PSI ( <a href="mailto:kmchugh@psi.org">kmchugh@psi.org</a> , <a href="mailto:addism@psi.org">addism@psi.org</a> and <a href="mailto:wmathenge@psikenya.org">wmathenge@psikenya.org</a> WFP –India ( <a href="mailto:snghosh@waterforpeople.org">snghosh@waterforpeople.org</a> , <a href="mailto:gsampath@waterforpeople.org">gsampath@waterforpeople.org</a> )
2 Identify top three of existing system	UWASNET can support this Water for People African Office ( <a href="mailto:cnimanya@waterforpeople.org">cnimanya@waterforpeople.org</a> ) Water.org GSF WFP-India Also need to look at SIASAR monitoring system promoted by WSP Keri Kugler- senior Manager of Programmatic Data Water for People <a href="mailto:kklugar@waterforpeople.org">kklugar@waterforpeople.org</a>
3 Utilize the existing forums to strengthen the monitoring system	<a href="http://www.uwasnet.org">www.uwasnet.org</a> as a platform organization as a template ( <a href="mailto:ngocoord@uwasnet.org">ngocoord@uwasnet.org</a> , <a href="mailto:kmakowka@uwasnet.org">kmakowka@uwasnet.org</a> )
4 Develop a plan for publicizing the approved monitoring system	WASH advocates DRI
5 Organize a meeting for the partners to adopt / commit their effort and resources	UWASNET can help in organizing this for NGO's working in WASH. ( <a href="mailto:ngocoord@uwasnet.org">ngocoord@uwasnet.org</a> )
6 Identify resources for activities/ process	

## INTERSECTORAL THEMATIC GROUP

	Actions/tasks	Person responsible
<b>Zero level</b>	Instigator's working group to engage stakeholders	Country offices of funding partners, W4P, PSI, HFH & sanitation working group, UNU, Uganda Sanitation Fund
<b>A</b>	(1) Define district selection criteria e.g. areas with potential for early success (2) Relevant & necessary departments at district level enlisted (3) Identify district candidates & reasonable # of models	Instigators' working group supported by UWASNET
<b>B</b>	(1) Marketing/advocacy to partners e.g. businesses & government (for common language) (2) Identify champions at individual, sector and district level (3) Assign partner roles e.g. R&D, MFI mechanism	Instigator group/select members per district  Instigator group hand over to district government champions main = DHOs, CDOs, CAO, chamber of commerce, District Government Chairman, others (local NGOs with business views, established entrepreneurs, business associations, MFIs, Religious (FBO), water)
<b>C.</b>	Draft charter (drafting charter starts at 0 level; will help establish the selection criteria) C.(0) MoUs /formalized relationships C.(1) Identify space(s) C.(2) Identification of center partners, Assigning roles & responsibilities	District champions with support of instigators Instigators working group –B(1) group + district champions working group (revision) C(0)B(1) + District C(a) District C(b) District Champions
<b>D</b>	Identify/ select founding entrepreneurs	
<b>E</b>	(1) Outreach across various sectors, marketing, agriculture (2) Parallel events to engage new sectors (when) (3) Develop business opportunities profiles for many sectors	District Champions + B1 team
	<i>Launch Incubation Center</i>	

## CONCLUSION

The event provided 170 participants from governments, local and international NGOs and development partners from 21 countries with an opportunity to share their experiences with colleagues from different countries and organizations, hear about recent studies and experiences and discuss ways to unclog the blockages in sanitation.

The focus was on improving and scaling up the delivery of sanitation services. Participants explored innovative ways of scaling sanitation as well as to generate new evidence to inform and guide future best practices. Learning what works and what doesn't will be hoped to effect large scale change and contribute to learning in our sector. Through the course of the workshop participants came up with Action Plans on how to move forward on making sanitation as a business. The focus of these plans was on long-term, permanent change. Activities in these plans ranged from knowledge sharing, training, demonstrating, advocacy and most importantly collaboration. The intention was not to return to business as usual but disseminate and act on what has been learnt.



Honorable Betty Bigombe

The event closed with reflections from David Mukama Mukungu (Coordinator for Water and Sanitation in the Ministry of Water and Environment, Uganda) and the Honorable State Minister for Water Resources, Betty Bigombe. David Mukama Mukungu acknowledged that government cannot always reach everybody and highlighted the potential of public-private partnerships as well as the willingness of entrepreneurs in Uganda to enter sanitation business and fill the existing gaps in service delivery (for instance in schools). Mr Mukungu identified one of the main blockages in sanitation nationally as the lack of dedicated government funding for a sanitation budget line, which is felt most acutely with respect to staff training and transport for staff to visit the field.

In her closing remarks, the Honorable Minister referred to the 'jaw-dropping' statistics on sanitation in Uganda: the proportion of households with improved sanitation in rural areas is only 35%. The Honorable Minister is determined to improve accessibility to sanitation services in the country; part of which requires convincing the Ministry of Finance about the importance of the sub-sector. The Minister reported progress on the implementation of the Uganda Sanitation Fund program, which targets approximately 6,000 villages across 15 districts and seeks to improve the lives of up to 3 million people, but she noted that with population growth existing gains in coverage can be easily lost.

The Minister urged stakeholders in the sector to work together to make sanitation a viable business, with financing solutions, innovations and sustainable technologies that are practical and scalable. In particular consideration should be given to scaling up in hard to reach areas. She recommended that the skills of the private sector and their technology should be harnessed together with strategies for intersectoral linkages. In particular, financing solutions require a multisectoral approach. There should be proper monitoring systems to measure progress. This requires effective leadership and should address city wide delivery.

In recognizing that there is no option but to improve sanitation, the Minister announced a government pledge to:

- Introduce MFIs and other potential finance streams for sanitation
- Implement a separate budget line for sanitation
- Ensure regulators are monitoring basic safety standards
- Enforce sanitation bylaws



## ANNEX 1: AGREEMENT FRAMEWORK

Using a variety of group work, consensus-building and innovative brainstorming techniques, the participants at the 3-day workshop were able to collectively identify several barriers together with their solutions for market-based approaches to sanitation. The following Agreement Framework summarizes the recommendations that emerged and are intended as immediate action that can guide sector practice to unclog the blockages for sanitation as a business.

### What Governments Can Do

- Clarify leadership on sanitation efforts at both national and sub-national level.
- Hold dialogues about sanitation with government departments/officials with business acumen
- Incentivize and stimulate private sector involvement and investment in sanitation along the full sanitation value chain
- Identify the need for development of public infrastructure, either by the public sector or as public/private partnerships
- Ensure that sanitation policies are in place that strike the right balance of support to public safety while attracting businesses to provide sanitation services. In other words, define the basic rules of the game but at the same time not over regulatory role.

### What NGOs Can Do

- Embrace sanitation as a business and market-based approaches in their programs; support local partners—governments, entrepreneurs, and businesses—to succeed in addressing sanitation service gaps.
- Evaluate cost effectiveness of approaches for behavior change and how this can be further enhanced to stimulate private sector business
- Accept responsibility for different types of sanitation monitoring and identify approaches that enable coordinated monitoring both between NGOs and with government and private sector partners. Determine how best to coordinate monitoring, including agreeing on shared indicators and tools to understand progress towards full service delivery and scale.
- Identify how to coordinate and collaborate in new ways and with different partners such as, for example, those found in the housing and agriculture sectors; achieve collective impact in specific geographic locations and support a business incubation center or equivalent.
- Actively listen to what donors are saying they want, and develop at-scale programs and approaches that address the entire sanitation chain system – not just demand or supply, but the balance of both.

### What Donors Can Do

- Support efforts to open up first-loss catalytic finance for sanitation businesses, particularly middle-range amounts of \$10,000-250,000. Direct this finance to support sanitation businesses to grow and offer sanitation financial products to households.
- Convene a partners working session on the Global Sanitation Financing Alliance. This entails also helping interested social impact investors in better understanding the whole sanitation chain and support efforts to network with other interested partners.

- Support R&D efforts around technology development to design/identify more affordable, but still aspirational, products and services. This should include direct grant support as well as advocacy efforts to encourage governments to support private sector R&D and sanitation market intelligence.
- Support efforts to establish the enabling environment for sanitation businesses to grow, such as through the provision of financial support for business development services, coordination, and convening.

#### **What Financial Institutions Can Do**

- Participate in the creation of the Global Sanitation Finance Alliance and help identify sources for patient capital.
- Communicate to the sanitation sector the parameters and process for receiving an investment.

#### **What Technical Specialists and Engineers Can Do**

- Undertake R&D and technology development to solve the real-world problems of entrepreneurs so that they can improve their profit margins; share information openly about technology development and utilize existing platforms to do so.
- Create products and technologies in close connection to the businesses and/or end-users.

#### **What Research Institutions Can Do**

- Gather evidence that will support local business, government, and entrepreneurs to overcome concrete challenges faced on the ground.
- Provide support for research into sustainability challenges, for example, finance, technology, business models, enabling environments, and monitoring.

#### **What UN and Multilateral Agencies Can Do**

- Those that support program design can follow many of the recommendations for NGOs.
- Support documentation of evidence and provide guidelines for the sector as a whole vs. for individual agencies.

#### **Other Notable Unclogging Recommendations**

- Emphasise the importance of entrepreneurs, sanitation authorities, regulators, implementers and supporters working *together* to enable sanitation services to become viable, vibrant and socially responsible businesses that meet both public sector targets and household expectations.
- A focus on 'beneficiary numbers' is short-sighted, 'catalytic philanthropy' could channel donor investments into programs that support the market economy.
- Entrepreneurs need grants for innovation; this would allow them to use the market economy as their testing ground.
- More implementers should embrace human-centered design to ensure that solutions meet the needs and desires of people, rather than basing a solution on any one technology.
- Create a sanitation fund that uses the investment discipline of mainstream finance institutions but provides finance to sanitation entrepreneurs, manufacturers and end-users.